

## **DECISION MEMORANDUM**

**TO:** COMMISSIONER KEMPTON  
COMMISSIONER SMITH  
COMMISSIONER REDFORD  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL

**FROM:** WELDON STUTZMAN  
DEPUTY ATTORNEY GENERAL

**DATE:** JANUARY 4, 2011

**SUBJECT:** IDAHO POWER'S APPLICATION REQUESTING APPROVAL OF  
REVISIONS TO ITS IRRIGATION PEAK REWARDS PROGRAM, CASE  
NO. IPC-E-10-46

On December 10, 2010, Idaho Power Company filed an Application requesting approval of changes to its Irrigation Peak Rewards Program (Schedule 23). The program is a voluntary load control program available to agricultural irrigation customers, and is used to decrease the Company's system summer peak by turning off specified irrigation pumps during June 15 through August 15. Under the program, the Company turns off specified irrigation pumps any Monday through Saturday between the hours of 1:00 p.m. and 8:00 p.m. The Company uses either dispatchable or timer-based load control devices to turn off selected pumps for a limited number of hours. In exchange for allowing the Company to interrupt electric service, participating customers receive a monthly monetary payment in the form of a bill credit for usage that occurs during June, July and August.

Based on a Company review conducted during 2010, Idaho Power is proposing a number of changes to the Irrigation Peak Rewards Program. First, the Company proposes to extend the interruptible period from 8:00 p.m. to 9:00 p.m. on a voluntary basis. Customers who accept an extended interruption period will receive a higher payment for interruptions. Second, the Company proposes to change the incentive payment structure from a fixed incentive payment to a combination of a fixed and variable incentive payment. The proposed structure pays participants a portion simply for participating, and an incentive portion based on how much the Company uses the program. For dispatchable options 1, 2 and 3, participating customers would

be paid a fixed demand credit of \$5.00 per kilowatt and an energy credit of \$0.0038 per billed kilowatt hour. The standard variable energy credit would be \$.035 per kWh, and would increase to \$.40 during the 8:00 to 9:00 p.m. hour for participants willing to reduce demand in that hour.

Third, the Company proposes to allow one program test event per irrigation season that is not subject to a variable payment. Fourth, Idaho Power proposes to change a participant's fixed incentive payment under dispatchable option 3, which currently bases load reduction on the maximum demand in the 24 hours prior to an event. Idaho Power proposes to calculate the program load reduction based on an average demand between 10:00 p.m. and 11:00 a.m. prior to an event, as measured in kW over the load profile metering intervals during each load control event initiated during a billing period. Finally, Idaho Power proposes a \$1.00 per kW opt out penalty for all dispatchable interruption options. Currently, the program includes an opt out penalty of \$.0005 per monthly billed kWh per opt out occurrence for customers selecting the dispatchable interruption options 1 and 2.

The Application states that the proposed program modifications reflect a collaborative process between Idaho Power and the Idaho Irrigation Pumpers Association, the Commission Staff, the Energy Efficiency Advisory Group, and the Integrated Resource Plan Advisory Council. The Company states that the program as revised would more closely align the program incentives with the Company's need for demand response.

Idaho Power requests that its proposal to modify the Irrigation Peak Rewards Program be processed by Modified Procedure. Staff recommends that the Commission issue a Notice of Application and Notice of Modified Procedure to process the Company's Application.

## **COMMISSION DECISION**

Should the Commission issue a Notice of Application and Notice Modified Procedure, providing for a 28-day comment period and 7-day reply comment period, to process Idaho Power's Application?



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Weldon B. Stutzman  
Deputy Attorney General

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